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On January 3, President Bush announced his plans to balance the budget by 2012 while making tax cuts permanent. He pointed to the success Republicans have already had in reducing the deficit, crediting Republican tax relief initiatives with producing “robust economic growth and record revenues.” Specifically, the President emphasized that a balanced budget is possible without raising taxes. This document provides some quick facts about the success of Republican fiscal policies and the negative effects tax increases would have on working families.

The Benefits of Republican Fiscal Policies

Fiscal policies promoted by Republicans have led to lower deficits, sustained economic growth, and increased government revenues.

- **Significant Deficit Reductions:** By cutting taxes and limiting spending to spur economic growth, Republicans have significantly reduced the budget deficit since 2004. In fact, the budget deficit has already been reduced to half the amount projected in FY2004.
- **Significant Economic Growth:** The nation has experienced 39 straight months of job growth, creating approximately 7 million new jobs for Americans; 14 straight months of unemployment rates below 5 percent—less than averages in the 1970s, 1980s, and 1990s; and labor productivity that has increased at an annual rate of 3 percent over the past five years.¹
- **Increased Government Revenues:** Tax receipts in FY2005 were 14.6 percent higher than the previous year, and, at \$2.153 trillion, were the largest in history. FY2006 revenues were \$2.407 trillion, 11.8 percent higher than those in FY2005. Tax receipts in FY2007 have already grown 9 percent.²

¹ U.S. Dept. of Treasury, “Economic Strength Indicators,” updated 12/12/2006, *available at* <http://www.ustreas.gov/economic-plan/>. Additional supporting data available from the Senate Republican Policy Committee.

² U.S. Dept. of Treasury, “Economic Strength Indicators,” updated 12/12/2006, *available at* <http://www.ustreas.gov/economic-plan/>.

The Benefits of Permanent Tax Relief

Republican Tax Relief Initiatives Have Spurred Economic Growth by Leaving More Money in the Hands of Taxpayers³

- 111 million taxpayers have seen their taxes decline by an average of \$1,877.
- More than five million taxpayers have had their income tax liability eliminated.
- 44 million families with children have received an average tax cut of \$2,493.
- 25 million small business owners have saved an average of \$3,641.

Eliminating Republican Tax Relief Would Negatively Impact Working Families⁴

If Republican tax relief is not made permanent, a family of four with two children making \$50,000 in annual income would see an increase of \$2,092 in its tax bill, a 132 percent hike.

- 115 million taxpayers would see their tax bill increase by \$1,716 each year.
- 48 million married couples would see their tax bill increase by \$2,726 each year.
- 42 million families with children would see their tax bill increase by \$2,084 each year.
- 12 million single women with children would see their tax bill increase by \$1,062 each year.
- 17 million seniors would see their tax bill increase by \$2,034 each year.
- 26 million small business owners would see their tax bill increase by \$3,637 each year.

³ All cited statistics can be found at the U.S. Dept. of Treasury, "Tax Relief Kit," *available at* <http://www.ustreas.gov/offices/tax-policy/>.

⁴ All cited statistics can be found at the U.S. Dept. of Treasury, "Fact Sheet — 2011 Taxes, Millions Could See Billions in Increases," *available at* <http://www.ustreas.gov/offices/tax-policy/>.